



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR Part 3050

[Docket No. RM2017-6; Order No. 3962]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is noticing a recent filing requesting that the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method for use in periodic reporting (Proposal Two). This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* July 31, 2017.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER**

INFORMATION CONTACT section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

On June 8, 2017, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method relating to periodic reports.¹ The Petition identifies the proposed analytical method changes filed in this docket as Proposal Two.

II. Proposal Two

Background. During the FY 2016 Annual Compliance Determination (ACD) process, in response to an information request, the Postal Service developed a methodology for revising the International Cost and Revenue Analysis report (ICRA) by changing the costing methodology for the treatment of Inbound mail, including Letter Post, Parcel Post and Express Mail Service to adjust for the increasingly difficult task of maintaining statistical reliability of reporting UPU Target and Transition Countries separately. Proposal Two at 1-2. Proposal Two is presented in response to Commission discussion in the FY 2016 ACD regarding those revisions.² Although the methodology was used provisionally for assessing compliance in the FY 2016 ACD, the Commission

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), June 8, 2017 (Petition).

² See Docket No. ACR2016, Annual Compliance Determination, March 28, 2017, at 63-65 (FY 2016 ACD). The Postal Service states that the Commission linked the potential filing of Proposal Two to discussion of certain other topics but that none of the issues raised by these topics directly relates to the merits of Proposal Two and views it as entirely independent of these other matters. Petition at 1.

stated that the methodology must be reviewed by the Commission through a docketed proceeding before it may be used in future ACDs. Proposal Two at 2; see FY 2016 ACD at 64.

Proposal. Proposal Two implements the costing methodology developed in response to Chairman's Information Request No. 12, question 1, in the FY 2016 ACD process and consolidates the cost estimates for Target and Transition Countries. Proposal Two at 6. Proposal Two would also combine Inbound Letter Post from Target and Transition Countries at UPU rates reporting into a single ICRA Inbound Letter Post at UPU rates line separate from Canada. There would no longer be a need for the In-Office Cost System analysis to separate costs into Target and Transition Countries in the Cost and Revenue Analysis Cost Segments tab of the Inputs file. The Canada and UPU separation remains in place. *Id.*

Rationale and impact. The Postal Service states that continuing the Target Country and Transition Country distinction is not consistent with the current Mail Classification Schedule (MCS) and produces increasingly unreliable or misleading cost estimates due to the shrinking Transition Country classification. *Id.* The MCS makes no distinction between Target and Transition Countries regarding Inbound Letter Post. *Id.* The Postal Service believes that the current MCS classification is consistent with the fact that there is no costing reason to maintain a distinction between Target and Transition Countries. *Id.* at

7. The differences arising from the proposed modification are presented in a non-public file which was filed under seal with the Petition. *Id.*

III. Notice and Comment

The Commission establishes Docket No. RM2017-6 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Two no later than July 31, 2017. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is designated as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2017-6 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), filed June 8, 2017.

2. Comments by interested persons in this proceeding are due no later than July 31, 2017.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Katalin K. Clendenin to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Stacy L. Ruble,

Secretary.

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